

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

Hearing Date and Time
April 16, 2025 at 2:30 p.m.

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In Re:

Chapter 11

ALEXA & ROGER INC,

Case No. 23-44441 (JMM)

Debtor.

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**FAIRBRIDGE STRATEGIC LLC’S STATUS REPORT AND
OBJECTION TO COURT’S ORDER TO SHOW CAUSE AS TO
WHY THIS CHAPTER 11 CASE SHOULD NOT BE CONVERTED
TO A CASE UNDER CHAPTER 7 OR DISMISSED**

**TO: THE HONORABLE JIL MAZER-MARINO,
UNITED STATES BANKRUPTCY JUDGE:**

Fairbridge Strategic Capital LLC f/k/a RealFi Strategic Cap LLC (“Fairbridge” or “Plan Proponent”), secured creditor and proponent of Fairbridge’s Chapter 11 Plan for Alexa & Roger Inc., dated July 2, 2024 [ECF Doc. No. 48] (“Fairbridge”), as and for its status report and objection to this Court’s Order to Show Cause as to Why this Chapter 11 Case Should Not Be Converted to a Case Under Chapter 7 or Dismissed [ECF Doc. No. 84] (the “OSC”), respectfully states as follows:

BACKGROUND

1. On December 1, 2023 (the “Filing Date”), Alexa & Roger Inc., the debtor in the above-captioned confirmed Chapter 11 case (the “Debtor”) filed a voluntary petition for relief under Chapter 11 of Title 11 of the United State Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of New York.

2. Fairbridge is the Debtor’s major creditor, holding a prepetition secured claim, in the amount of \$2,925,272.93

3. The Debtor has continued in possession of the Property as a debtor in possession under sections 1107 and 1108 of the Bankruptcy Code. No trustee, examiner or official creditors’

committee has been appointed in this Chapter 11 case. The Debtor's sole asset is the real property known as and located at 381 Myrtle Avenue, Brooklyn, New York 11201 (the "Property") which is a mixed-use property. The Property consists of a commercial unit on the ground floor and residential units on the 2nd and 3rd floors, one of which is not permitted.

4. Shortly after the Filing Date, counsel for Fairbridge and the Debtor discussed selling the Property pursuant to a liquidating plan of reorganization as being the best exit scenario for this case.

5. On April 23, 2024, Fairbridge filed its Chapter 11 plan for the Debtor [ECF Doc. No. 35] and accompanying disclosure statement [ECF Doc. No. 36]. On July 3, 2024, Fairbridge filed its amended Chapter 11 plan for the Debtor [ECF Doc. No. 48] (the "Plan") and accompanying amended disclosure statement [ECF Doc. No. 49] (the "Disclosure Statement").

6. The means of implementation of the Plan is through the proceeds of a purchase and sale agreement (the "PSA") by and between the Debtor, as seller, and Yoel Deutsch and Brenda Deutsch (collectively, the "Deutsches"), as purchasers of the Property for a sale price of \$2,650,000.00.

7. On July 10, 2024, the Court entered an order [ECF Doc #51] conditionally approving the Disclosure Statement and scheduling a hearing to consider final approval of the Disclosure Statement and confirmation of the Plan.

8. On July 22, 2024, Fairbridge filed a motion to sell the Property free and clear of liens to Deutsch pursuant to sections 105(a) and 363(b), (f) and (m), 1123(a)(5)(D), and 1141(c) of the Bankruptcy Code and pursuant to the Plan (the "Sale Motion").

9. A hearing was held on August 7, 2024, at which time this Court: (i) approved the Disclosure Statement, on a final basis; (ii) confirmed the Plan; and (iii) approved the Sale Motion.

Fairbridge settled appropriate orders on all creditors and the Office of the United States Trustee pursuant to Rule 9072-1 of the Local Rules for the United States Bankruptcy Court for the Eastern District of New York [ECF Doc Nos. 66 & 67]. On October 28, 2024, this Court entered an order confirming the Plan and approving the Sale Motion [ECF Doc. Nos. 69 & 70].

10. Shortly thereafter, Fairbridge learned that there was a commercial lease agreement (the “Lease”) by and between the Debtor and Growth Mindset Learning Lab, LLC (“Growth¹”), as tenant for a period of fifteen years from September 1, 2022 through and including August 31, 2037². The Debtor did not include the Lease in Schedule G.

11. On April 1, 2025, Growth filed an administrative proof of claim, in the amount of \$1,013,000 (the “Growth Claim”).

12. On April 4, 2025, this Court issued the OSC after it expressed serious concerns about certain physical conditions at the Property and whether Fairbridge and Deutsch would be able to consummate the PSA and implement the Plan. For the reasons set forth below, Fairbridge respectfully requests that this Court either withdraw the OSC³ or adjourn it for approximately 30 days.

CURRENT STATUS OF CASE

13. Over the last 90 days, Fairbridge hired contractors who removed a deck from the roof of Growth’s space that was deemed to be dangerous given the additional weight on the roof. During this same period, Fairbridge’s contractor also repaired a leaky roof and addressed plumbing issues that Growth claims have hindered its business operations. Additionally, Fairbridge’s counsel and

¹ Growth operates a preschool/daycare center at the Property.

² Prior to that time, Fairbridge believe that Growth was operating its business at the Property on a month-to-month basis, rather than pursuant to a written lease agreement.

counsel for Deutsch have had continual discussions to salvage the sale and close the PSA, notwithstanding the fact that the sale was to be free of tenancies. During the last week, Fairbridge's counsel and counsel for Growth have also discussed the Growth Claim. The undersigned counsel has also discussed this claim with Growth's attorney.

14. During the last week, a plumber engaged by Fairbridge visited the Property and was able to get the water running in the bathrooms at the commercial space and fix the toilets. No roof leaks have been reported during recent rainstorms.

15. To continue its efforts to improve conditions at the Property, early this week Fairbridge's construction consultant will visit the Property and determine whether a new water heater needs to be installed to assure Growth that it will have hot water. Additionally, Fairbridge's contractor anticipates doing additional work this week to further improve the condition of Growth's space. Fairbridge is making arrangements with the illegal residential occupant to obtain keys so that its contractors will have complete access to the Property whenever necessary.

16. Fairbridge's counsel will continue discussions with Deutsches' counsel to finalize the PSA and attempt to resolve the Growth Claim. However, we will not be able to engage in any meaningful dialogue with the Deutsches or their counsel this week because the Deutsches are observant Jews and will not be conducting business during Passover. As stated in paragraph 13-15, supra, Fairbridge has successfully stabilized the physical conditions at the Property. Thus, it will have no adverse impact if the Court withdraws or adjourns the OSC for approximately thirty days.

3 Since the Debtor lacks equity in the Property, of the alternative relief in the OSC conversion would not an appropriate

WHEREFORE, it Fairbridge respectfully requests that this Court adjourn the OSC and grant Fairbridge such other and further relief as this Court may deem just and proper.

DATED: Uniondale, New York
April 14, 2025

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remedy since a Chapter 7 trustee would likely abandon the Property rather than seek to sell it.